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FARMER-TO-CONSUMER DIRECT MARKETING

The current revival of roadside markets, farmers' markets, and "pick-your-own" operations is more than just a nostalgic look to the past. When the Farmer-to-Consumer Direct Marketing Act, Public Law 94-463, was enacted on October 8, 1976, direct marketing became an officially recognized program.

The Act was passed with the hope that direct marketing activity would result in lower prices to consumers, higher returns for farmers, reduction in middleman costs, and improved farmer-to-consumer understanding.

Funds were authorized, and appropriations of \$1/2 million for fiscal 1977 and \$1.5 million for 1978 were made available for grants to States. The State departments of agriculture and State cooperative extension services use the Federal grants to develop and expand direct marketing through innovative educational and service projects.

Methods of Direct Marketing

Direct marketing is any kind of commercial enterprise in which the producer sells directly to the consumer. It takes many forms -- roadside stands; pick-your-own operations; open-air markets; farmers' markets, including those in inner cities; and street-selling from trucks.

States in which the predominant crops are fresh fruits and vegetables presently have the largest number of direct marketing outlets. Population density of an area also affects the number of outlets.

A survey done by a produce trade magazine revealed an estimated 13,000 direct marketing outlets in the United States in 1976, with roadside stands and pick-your-own operations clearly in the lead. In a partial sampling of 17 States, the operation of roadside stands grossed \$208 million in 1976.

Fresh fruits and vegetables lend themselves to direct marketing more readily than those items requiring refrigeration and controlled temperature such as meats, eggs, and poultry.

Objectives of Direct Marketing

Direct marketing provides limited-resource farmers with a market in which they can participate easily. Consumers have expressed such specific advantages as riper and fresher produce, cheaper prices occasionally, and a friendly atmosphere in which to shop.

While food marketed by direct means accounts for only a small percentage of total food marketed--for example, less than 3 percent for fruits and vegetables--it is nevertheless important to a large number of small farmers.

Some farmers use direct forms of marketing to dispose of produce which is of good eating quality but is of a smaller size or has other defects that make it unacceptable for sale by supermarkets. Consumers can benefit from these sales by having produce available that otherwise might be beyond their economic reach.

Implementation of the Program

The Act specified that the U.S. Department of Agriculture (USDA) set up the mechanics of implementing the program. State cooperative extension services and State departments of agriculture submit their proposals, along with a request for funds, to the administrator of USDA's Agricultural Marketing Service (AMS) and deputy director of USDA's Science and Education Administration (SEA) for extension.

Each proposal is reviewed by a USDA committee made up of representatives of AMS; SEA-Extension; and Economics, Statistics, and Cooperatives Service; along with representatives of State departments of agriculture and State cooperative extension services. If the proposal is found workable, needed, and has wide application, a cash grant is awarded to either the State department of agriculture, State cooperative extension service, or both if the project is to be jointly done. The proposed project is then set in motion.

Proposals are confined to projects that will initiate, encourage, develop, or coordinate methods of direct marketing from farmers to consumers. Some projects have called for conferences where producers and others interested share information on methods of direct marketing. Others are attempting to bring consumer groups into contact with limited-resource farmers who have farm products to sell. Still others have called for establishing farmers' markets in inner cities.

Each State receiving funds is required to provide USDA with a complete evaluation of the success of its projects.

Grants Made

In 1977 and 1978, USDA granted about \$2 million under the Direct Marketing Act in grants to 23 States and Puerto Rico, as follows:

Alabama -- \$109,560 to sample direct marketers on management and to compile laws and regulations governing direct marketing within the State. (Grant to Alabama Department of Agriculture and Industries, and Cooperative Extension Service)

Alaska -- \$24,978 to conduct direct marketing educational programs with producers and consumers. A farmers' market was to be established at the fairgrounds in Fairbanks, selling cabbage, potatoes, radishes, and those foods that require a short growing season and that flourish in long daylight hours. (Alaska Division of Agriculture, and Cooperative Extension Service)

Arizona -- \$33,999 to organize producers for selling directly to consumer cooperatives and small producers for selling through roadside markets. Plans included organizing consumer groups in Phoenix and Tucson to buy directly from producers. A study was to be made to determine the prospects of selling products door-to-door. A multi-county conference on roadside marketing and production principles was to be held in 1978 in the Phoenix area. (Arizona Cooperative Extension Service)

Colorado -- \$57,950 to publish a handbook on direct marketing and a directory of marketers, and assist in the development of open-air markets. (Colorado Department of Agriculture, and Cooperative Extension Service)

Delaware -- \$43,500 to help establish and support voluntary producer associations, compile laws and regulations, develop visual aids, establish farmers' markets, and hold a marketing conference. (Delaware State Department of Agriculture, and Cooperative Extension Service)

Florida -- \$59,600 to identify reasons why consumers do or do not use direct outlets in both urban and non-urban areas. A conference on community markets was to be held to help local community leaders develop and maintain stable community markets. Development of direct markets was planned for the 15 existing State farmers' markets, which have previously been wholesale markets. Feasibility of developing a produce market on wheels, to serve areas of the State with heavy population concentration, was to be evaluated. (Florida Department of Agriculture and Consumer Services, and Cooperative Extension Service)

Georgia/South Carolina -- \$70,000 to establish farmers' markets in Savannah, Ga., and Charleston, S.C., and to organize limited-resource farmers in the six surrounding counties of each market to serve them. The plan was designed to bring limited-resource producers and low-income consumers together in an inner-city market. (Georgia and South Carolina Departments of Agriculture, and Cooperative Extension Services of the two States)

Illinois -- \$135,305 to do a survey of direct marketing and to assist communities and individuals in organizing and operating community markets and pick-your-own farms. Existing educational programs for roadside market operators was to be expanded, and--through an information program--consumers were to be made aware of benefits from direct marketing. (Illinois Cooperative Extension Service, and Department of Agriculture)

Indiana -- \$97,250 to develop service and promotional programs and to review Federal and State regulations on direct marketing. Indiana also planned to help farmers develop prototype community markets in selected marketing areas throughout the State. A film illustrating various forms of direct marketing was to be produced for use by consumer groups. (Indiana Commissioner of Agriculture, and Cooperative Extension Service)

Kansas -- \$77,900 to help in the movement of products to markets in the western part of the State from the eastern producing section, help in market promotion, and to explore the feasibility of year-round market operations. An evaluation of truck backhaul operations was to be made. (Kansas State Board of Agriculture, and Cooperative Extension Service)

Kentucky -- \$161,377 to establish a beef marketing computer program for consumers and producers, and a clearinghouse and directory to facilitate direct sales. In a second project, an evaluation was to be made of fruit and vegetable market demand and potential sites for markets. (Kentucky Department of Agriculture, and Cooperative Extension Service)

Massachusetts -- \$73,300 to establish prototype for roadside markets in non-traditional locations and a pilot system for coordination between buyers and sellers. (Massachusetts Department of Food and Agriculture, and Cooperative Extension Service)

Michigan -- \$30,000 to organize a farmers' market or a community direct marketing facility and document all steps involved. Project is to serve as a model for other communities. (Michigan Cooperative Extension Service)

Missouri -- \$106,950 to work with small farm families on a general direct marketing program in selected counties. (Missouri Department of Agriculture, and Cooperative Extension Service)

New Jersey -- \$38,750 to produce a film showing opportunities for growers and consumers to benefit from direct marketing. Roadside markets, central farmers' markets, and pick-your-own operations were to be covered. (New Jersey Department of Agriculture, and Cooperative Extension Service) In another grant, \$32,217 to survey pick-your-own direct marketing programs and to develop an educational program on this phase of direct marketing. (New Jersey Cooperative Extension Service)

New York -- \$154,780 to conduct an information program that aids both producers and consumers in utilizing direct marketing opportunities and to develop a cooperative clearinghouse that brings city-based cooperatives and buying groups in contact with producers. A farm market program was to be developed that introduces roadside marketing in areas with few markets and encourages improvements in existing markets. (New York Department of Agriculture and Markets, and New York Cooperative Extension Service)

North Carolina -- \$54,250 to expand direct marketing of small fruits and vegetables through demonstration projects and information programs, including use of a mobile produce stand which would be available for producers to operate. (North Carolina Cooperative Extension Service)

Oregon/Washington -- \$219,186 to conduct a joint program to identify direct marketers, help marketing associations and community markets, and develop educational programs. The States also planned to test the concept of mini-markets, with individual small farmers in each area scheduled to operate them on a rotating basis. (Oregon and Washington Departments of Agriculture, and Cooperative Extension Services of both States)

Pennsylvania -- \$177,913 to establish a direct marketing center in a large metropolitan area and to coordinate sales between consumers and producers. (Pennsylvania Department of Agriculture, and Cooperative Extension Service)

Puerto Rico -- \$49,114 to establish an intensive training program for selected groups of producers, and a promotional campaign to stimulate consumer direct buying. (Puerto Rico Department of Agriculture, and Cooperative Extension Service)

South Dakota/Wyoming -- \$127,050 to improve beef marketing systems and to evaluate a number of techniques for marketing beef directly. (South Dakota and Wyoming Departments of Agriculture, and Cooperative Extension Services of both States)

Direct Marketing Information Available

Details on any of the federally funded direct marketing projects underway may be obtained from State departments of agriculture or State cooperative extension services carrying out the projects.

A bibliography of direct marketing resource materials available from various States, as compiled by USDA and State officials, may be obtained on request from: Information Division, Room 3620-So., Agricultural Marketing Service, U.S. Department of Agriculture, Washington, D.C. 20250.

